DOCUMENT RESUME

ED 293 601 JC 880 210

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TITLE Making the Partnership Work through a Business and Industry Center.
PUB DATE Apr 88
NOTE 24p.; Paper presented at the Annual Convention of the American Association of Community and Junior Colleges (68th, Las Vegas, NV, April 24-27, 1988).
PUB TYPE Reports - Descriptive (141) -- Speeches/Conference Papers (150)

EDRS PRICE MF01/PC01 Plus Postage.
DESCRIPTORS Community Colleges; *Community Development; *Economic Development; Government School Relationship; *Job Training; Labor Force Development; Program Descriptions; *School Business Relationship; Small Businesses; Two Year Colleges
IDENTIFIERS *Small Business Development Centers

ABSTRACT

In response to economic hardships affecting agriculture, small business, and manufacturing in Iowa, the Eastern Iowa Community College District (EICCD) initiated an economic development strategy aimed at the expansion of the employment base, diversification, assistance to existing businesses to increase their markets, and entrepreneurship. Spurred by tax-credit incentives provided by the Iowa Industrial New Jobs Training Program (IINJTP), 21 companies have already entered into job training agreements with EICCD, and nine more companies are expected to formalize agreements by May 16, 1988. The IINJTP provides companies with screening and recruitment of potential employees, pre-employment training, and on-the-job training. Other aspects of EICCD's economic development strategy include: (1) a Small Business Development Center, which offers new and existing small businesses and entrepreneurs one-on-one counseling, classes and workshops, and reference materials; (2) a formalized program to develop international trade through seminars and one-on-one consultation with international trade specialists; (3) a database of products and services of companies throughout Iowa to assist businesses in finding new markets; and (4) the Eastern Iowa Procurement Assistance Center, which helps small businesses obtain government contracts. (EJV)

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MAKING THE PARTNERSHIP WORK

THROUGH A BUSINESS AND INDUSTRY CENTER.

Mark Kapfer

April 1988

Presented at the 68th Annual AACJC Convention, Las Vegas, Nevada, April 1988.

JC 880 210

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AACJC Speech, April '88

Making the Partnership Work through a Business and Industry Center

The 1980's have meant structural changes for the U. S. For Iowa, structural changes in the 1980's have meant economic hardship. Iowa is a state where although only 1/2 of 1 percent of the workforce is employed in agriculture, there is a heavy specialization in ag-related industries that make Iowa's economy vulnerable to swings in agricultural marketing conditions. While it was a stimulus in the 1970's, it became a detriment in the 1980's. For instance, over 1/3 of the value added created by Iowa manufacturers is derived directly from grain and meat processing and from ag chemicals and farm machinery. During the early 1980's, small business employment grew in Iowa by only 1.9 percent compared to 13.8 percent nationally. During this time also, Iowa ranked 49th nationally in total employment growth.

The Eastern Iowa Community College District is comprised of three colleges; Clinton Community College in Clinton, Scott Community College located in the Iowa Quad Cities of Bettendorf and Davenport and Muscatine Community College in Muscatine. Each college and area it serves is very unique and distinct. And each has been touched by the structural changes of Iowa in different ways. For instance, Muscatine, because of large home-based industries like Hon and Bandag, hardly felt the effects while the Quad Cities represents a microcosm of what happened in the state. It is a metropolitan area of 444,000 that has lost 19,000 manufacturing jobs in the past 5 years through the closing of plants occupied by Case-IH, Farmall, Caterpillar, as well as downsizing by John Deere and by companies in the area dependent on these major companies.

With that as the background, you can see that the stage was set for an economic development strategy aimed at (1) expanding the employment base, (2) diversification, (3) assistance to existing businesses to increase their markets and (4) entrepreneurship. With those goals in mind, the present complement of programs and services of the EICCD Business and Industry Center were developed. EICCD had already become a major player in economic development when in 1983 the Iowa Legislature passed a bill that significantly affected economic development in the state of Iowa. That bill was House File 623, the Iowa Industrial New Jobs Training Program. Its impact was felt through many circles. First, it was Iowa's first incentive aimed at attracting businesses and industry into the state. It, thus, sent a signal to businesses considering expansion that Iowa was willing to put dollars on the table. Secondly, businesses and industry saw an opportunity for expansion and assistance in Iowa in an expensive area for start-up costs - training. Thirdly, it made the community colleges equal partners in the economic development process with utilities, financial institutions, local development groups, and others. The Legislature further increased it as an incentive when in 1985 they tied in a jobs tax credit for companies that expanded their workforce by 10 percent or companies new to the state. That tax credit presently is a maximum of $660 per employee. The hook they included was in order to get the credit the company was required to enter into a job training agreement with the community college. Thus, a company with 100 new employees can get a $66,000 tax credit, able to be applied to their Iowa income tax anytime during the following ten years.

Since the program's inception, 240 issuances have taken place in Iowa which resulted in 19,340 new jobs and $60,000,000 in job training funds for new and expanding businesses and industries. Within the Eastern Iowa Community College District we have entered into final agreements with 21 companies resulting in $4,923,000 training funds for these companies. In addition, we anticipate nine more companies to enter into final agreements at our May 16 Board meeting. By year's end, we expect to equal in one year the number of job training agreements done in the program's first 5 years.

Iowa's Industrial New Jobs Training Program can provide these companies the following: 1) screening and recruitment and evaluation of potential employees; 2) pre-employment training such as instruction, equipment and related expenses; 3) on-the-job training in which 50 percent of salary and fringe benefits for new employees is reimbursed for up to the first year of employment.

The Job Training Program is funded by certificates issued by the District using as a resource of funds for repayment the withholding tax on employees' wages of 1-1/2 percent and incremental property tax from machinery and equipment and building. For a perspective on these funding sources for each project, how they are used and the assessment overview, I have prepared a breakdown for each company we have agreements with as of the end of December 1987.

One of the main parts of the program that we at the Eastern Iowa Community College District emphasize to companies is the opportunity it gives them to

do training that they may not have been able to afford in the past. Their benefit is a higher skilled employee who is now producing faster, thus increasing their profitability. One of our goals in 1988 in economic development is to capture a higher percentage of that training budget for customized and classroom training rather than on-the-job salary reimbursement. Our projects, not including the multiple issuance of December 1987, showed an average of 7.12 percent in classroom training with the rest in individual or on-the-job training. Our 4 projects issued in December averaged 11.5 percent - those to be issued in May will be 25 percent as compared to our goal of 15 percent in 1988.

Through the success of the Job Training Program the state of Iowa found that community colleges offered a way to focus economic development efforts at the local level across the state. Thus, it was natural that the Small Business Development Center should be located at EICCD. It is designed to offer a wide range of assistance for new and existing small businesses and entrepreneurs such as one-on-one counseling, classes and workshops, reference materials, and coordination of public and private resources. Besides the director himself one-on-one counseling, which is the most important function of the SBDC, is provided by over 2 dozen professional consultants hired on an as-needed basis, college staff, and various volunteer services. The assistance is provided at no cost to the client and includes business start-up, planning, finance, accounting, marketing, advertising and personnel.

The FY88 counseling goal is 215 business/start ups. As of the end of March, the SBDC ran at 68 percent of the goal after 6 months. So far 26 courses have been held with 1,073 attendees totaling 8,634 hours of instruction and training. EICCD Small Business Development Center's marketing plan serves as a model for Iowa's community college SBDC's.

Diversification and growth of the economy comes not only from the types of business and industry that are attracted to the region but also by the ability of existing business to find new markets for their goods and services.

In January, EICCD began a formalized program to provide assistance in developing a working knowledge in international trade. Our method of assistance is that our international trade specialist has found experts in the various subjects and field of international trade who assist in seminars and one-on-one consultation to help businesses. The consultation will be very much a "hand-holding" type of assistance. Because of the complexity of getting into foreign markets and the nuances invovled in each market and each transaction, that one-on-one assistance becomes even more valuable. It is our goal to help companies succeed by giving them assistance they need to overcome hurdles such as capital, regulations, cultural factors, freight forwarding, etc. If these companies succeed, it will get them to expand and hire new employees needing special training.

Also assisting business in finding new markets as well as suppliers is the Iowa Economic Development Network. A data base has been developed of products and services of companies throughout Iowa. Companies, domestic or foreign, wanting to buy a particular product can access the system to find suppliers throughout the state. In addition, trade leads from all over the world come into the network and are distributed to local suppliers that may be able to fulfill the need.

Our final market expansion program is the Eastern Iowa Procurement Assistance Center which is designed to assist small business in expanding into the government marketplace. The center began serving clients in January 1988 and is already serving 25 clients with 16 of them actively processing government contracts. We will be surveying clients in May regarding the number of contracts and the dollar value of contracts received since the Center opened.

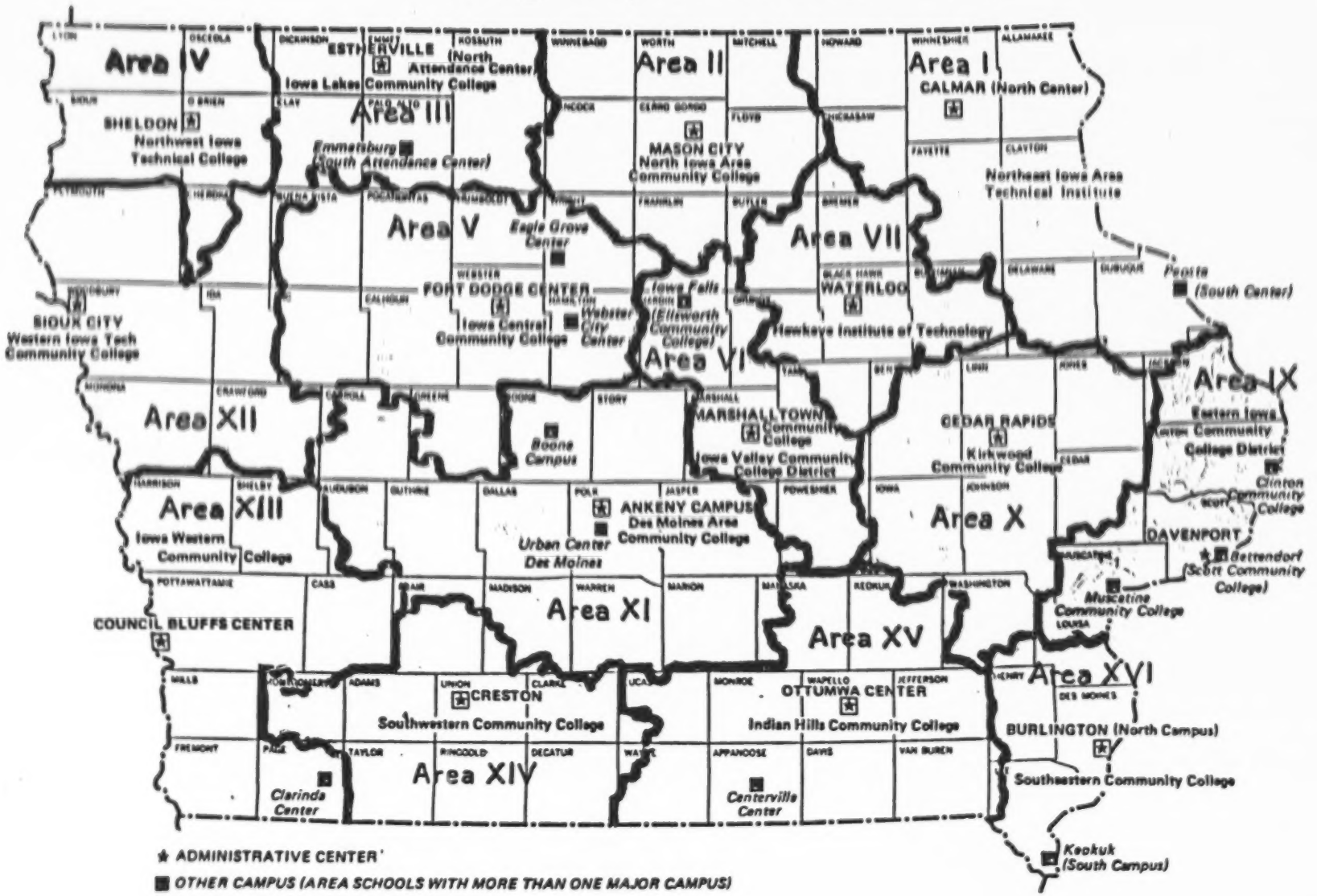
The manager of the Center usually meets the client at his place of business and tours the facility and gets general information on the business and the company's goals in governmental contracting. After this, she conducts research to identify the Bidder's Lists the company should apply for. Additional marketing information is also provided as well as help in Bidder's List application, assisting with bid preparation and any other services we can perform.

As each of these, along with JTPA which the college also administers, become ingredients in the economic development program of the college, it was quite natural to package them together and market them as the Business and Industry Center of Eastern Iowa. With BIC directors at each of the colleges having access to this wide range of expertise, EICCD is now a major player in the economic development programs of the area.

Where do we go from here? One opportunity is for a specialist in development of women and minority owned businesses. Although relatively small in size at 6.1 percent of the population, the black population grew by 41 percent between 1970 and 1980. Women-owned businesses also show continued increases in potential in the future. A second opportunity is to develop some regionwide economic development programs such as targeted industry marketing programs utilizing our expertise in certain academic disciplines along with the area's strengths to attract new firms to the area in such high growth areas as printing, telecommunications, and biotechnology. A third opportunity is retraining of employees in industry. Among midwestern states, Iowa's average industrial plant age is among the oldest. Therefore, when tough times hit, Iowa, unless strong measures are taken to encourage retooling and retraining, is vulnerable to future downturns.

EICCD 's Business and Industry Center is an integral part of the economic development of eastern Iowa. We are a regular participant in economic development planning and execution. Whether it be in a town like Sabula, population 824, which just attracted an employer of 100 or a metro area like the Quad Cities, we are there as a part of the team.

Merged Area Schools



COMPONENTS OF THE EASTERN IOWA BUSINESS & INDUSTRY CENTER

- Job Training

- SBDC (Small Business Development Center)

- International Trade

- Economic Development Network

- Procurement Assistance

- JTPA

EASTERN IOWA COMMUNITY COLLEGE DISTRICT JOBS CREATED

Iowa New Jobs Training Program 280B (623) 83 - 87	Job Training Partnership Act 86 - 87
1899	1045

TYPES OF BUSINESSES COUNSELED BY EASTERN IOWA SMALL BUSINESS DEVELOPMENT CENTER

Service	**37 %**
Retail	**37 %**
Manufacturing	**7 %**
Wholesale	**5 %**
Construction	**10 %**

CLASSROOM/CUSTOMIZED TRAINING

	Number of Companies	Average Classroom or Customized Training
1983 - November '87	**16**	**7.12 %**
December '87	**4**	**11.5 %**
1988 Goal	**15**	**15.0 %**
1988 Actual To Date	**9**	**24.1 %**

IOWA'S
INDUSTRIAL NEW JOBS
TRAINING PROGRAM (HF 623)

- Screening/Recruitment/Evaluation of potential employees

- Pre-Employment Training
  (instruction, equipment, related expenses)

- On-the-Job Training
  (50% of salary ***and*** fringe for new employees up to the first year of employment

REDUCE TURNOVER
ENHANCE PRODUCTIVITY

INCREASE PROFITABILITY

HF623 (2

SAFEGUARDS
FOR 280B (623) CONTRACTS

* **Bonds are sold with reserves built in to protect the District from shortfall.**

* **Present day values are used when determining payback on all issues.**

  - **Inflation will increase property values.**

  - **Salaries for employees will increase over 10 years.**

* **Each company's financial information is throughly analyzed by the bond underwriter prior to sale of the certificates.**

  - **Since the program's inception in 1983, only one company in Iowa with a 280B (623) has gone down and its certificates were covered through the reserves.**

AN IOWA EXAMPLE

Assumptions:	
New plant construction	$ 500,000
New equipment installation	400,000
Capital Investment	$ 900,000
New employees needed - 69 workers at an average hourly wage of $8.60.	
Total Estimated Annual Payroll	$1,235,000
Training Program Assistance:	
On-the-job Training Combined funds from the Iowa Job Training Program and the Job Training Partnership Act at 50% reimbursement	241,217
Instructor's wages for Safety and Quality Control Training	11,800
Travel for new employees to training	3,055
Job Training Funds	**256,072**
New Jobs Tax Credit	**45,540**
Total Benefit to Company	**301,612**

HF623 (7)

280B (623) and 280C (766) AGREEMENTS

Company	Location	Issuance	# Jobs	Date of Final
Balanced Energy	Clinton	$ 235,000	24	12/21/87
Caterpillar	Davenport	255,000	92	8/8/86
Central Can	Muscatine	240,000	23	10/17/83
Chessline	Maquoketa	40,000	25	5/19/86
Communications Data	Wilton	130,000	23	6/16/86
Control Process	Mt. Joy	95,000	37	10/1/84
Custom-Pak - Phase I	Clinton	110,000	41	9/17/84
Custom-Pak - Phase II	Clinton	194,000	50	12/21/87
Davenport Comm.	Davenport	105,000	31	6/24/85
Flex-O-Lite	Muscatine	60,000	14	10/17/83
Fuel Efficiency	Davenport	22,000	22	12/20/85
Gage Metalcraft	Davenport	610,000	200	1/18/88
Genesis Systems	Davenport	49,000	16	2/17/86
Hoof - Phase I	Maquoketa	275,000	37	4/9/85
Hoof - Phase II	Maquoketa	170,000	75	8/8/86
ITW Fastex	Maquoketa	111,000	30	12/21/87
Iowa Beef Processing	Columbus Jct.	2,360,000	1,056	9/30/85
Jackson Industries	Maquoketa	140,000	91	4/1/85
Precision Metal Works	Maquoketa	80,000	64	12/21/87
Solar Plastic	Davenport	38,000	18	9/17/85
Swen Sonic	Davenport	29,000	10	2/17/86
West Point Pepperell	DeWitt	125,000	60	5/19/86
Wilson Foods	Bettendorf	60,000	60	1/19/87
Totals		$5,533,000	2,099	

280B (623) and 280C (766) AGREEMENTS
anticipated January 1 -December 31, 1988

Company	Location	Issuance	# Jobs	Anticipated Final Date
Brammer Mfg.	Davenport	$ 360,000	147	5/16/88
Coupon Power, Inc.	Clinton	60,000	100	5/16/88
Data Dimensions Corp.	Clinton	55,000	60	5/16/88
Horizon Group	Davenport	28,000	9	5/16/88
Renov Developers	Maquoketa	40,000	25	5/16/88
Sears Manufacturing	Davenport	325,000	153	5/16/88
TeleDirect International	Clinton	205,000	182	5/16/88
The Swiss Colony, Inc.	Clinton	50,000	41	5/16/88
Tri-City Fabricating	Davenport	55,000	25	5/16/88
Total May Issuance		$1,178,000	742	
Bawden Printing Co.	Davenport	85,000	26	October '88
Communication Data (II)	Clinton	65,000	50	October '88
Custom Pak (III)	Clinton	205,000	50	October '88
Facet Enterprises	Davenport	45,000	25	October '88
Genesis Systems (II)	Davenport	15,000	7	October '88
National By - Products	Muscatine	130,000	66	October '88
Products Unlimited	Sabula	135,000	100	October '88
Total		$ 680,000	324	
Grand Total		*$ 1,858,000*	*1066*	

EASTERN IOWA COMMUNITY COLLEGE DISTRICT
280B (623) ASSESSMENT OVERVIEW

COMPANY	CURRENT TAX LEVY	COST/1,000 PER YEAR	ASSESSMENT/50,000 HOUSEHOLD/YEAR
Balanced Energy	19,570	.0024	.12
Caterpillar	36,002	.0047	.24
Central Can	47,025	.0061	.31
Chessline	5,657	.0007	.04
CDS	18,160	.0023	.12
Control Process	16,450	.0021	.11
Davenport Communications	10,622	.0013	.06
Custom Pak - Phase I	18,715	.0024	.12
Custom Pak - Phase II	16,094	.0020	.10
Flex-O-Lite	9,637	.0011	.06
Fuel Efficiency	2,882	.0003	.02
Genesis Systems	5,898	.0007	.04
Hoof - Phase I	45,607	.0059	.30
Hoof - Phase II	26,340	.0034	.17
ITW Fastex	9,346	.0012	.06
IBP	35,727	.0046	.23
Jackson Industries	23,925	.0031	.20
Precision Metal Works	6,630	.0008	.04
Solar Plastic	6,775	.0008	.04
Swen Sonic	4,215	.0005	.03
West Point Pepperell	17,570	.0022	.11
Wilson Foods	8,517	.0011	.05
TOTALS		.0576	2.57

Based on assessed property valuation for EICCD of $7,624,310,470

ERIC Clearinghouse for Junior Colleges JUN 24 1988